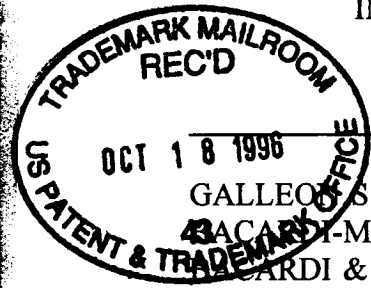


IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD



GALLEON S.A.,
BACARDI-MARTINI U.S.A., INC., and
BACARDI & COMPANY LIMITED,

Petitioners,

-against-

HAVANA CLUB HOLDING, S.A. and
HAVANA RUM & LIQUORS, S.A. d/b/a
H.R.L., S.A.,

Respondents.

Registration No. 1,031,651

Cancellation No. 24108

#20
ORIGINAL

ANSWER TO SUPPLEMENTAL AND AMENDED PETITION FOR CANCELLATION

Respondents HAVANA CLUB HOLDING, S.A. and HAVANA RUM & LIQUORS, S.A. hereby jointly answer the Supplemental and Amended Petition For Cancellation in this proceeding as follows:

1. Respondents lack knowledge or information sufficient to form a belief as to the truth of the averments in paragraph 1.
2. Respondents lack knowledge or information sufficient to form a belief as to the truth of the averments in paragraph 2.
3. Respondents lack knowledge or information sufficient to form a belief as to the truth of the averments in paragraph 3.
4. Respondents admit the allegations of paragraph 4.
5. Respondents lack knowledge or information sufficient to form a belief as to the truth of the averment in paragraph 5 that petitioner Galleon, S.A. is engaged in the spirits

business, but admit that Galleon, S.A. has applied to register the mark HAVANA CLUB in the United States in International Class 33.

6. Respondents lack knowledge or information sufficient to form a belief as to the truth of the averments in paragraph 6.

7. Respondents lack knowledge or information sufficient to form a belief as to the truth of the averments in paragraph 7.

8. In response to paragraph 8, respondents admit that American consumers recognize rum produced in Cuba from materials grown in Cuba as being of the highest quality but otherwise deny the averments of paragraph 8.

9. Respondents admit that the Cuban properties of a Cuban business entity named Compania Ron Bacardi, S.A. were nationalized in 1960, deny that the nationalization was unlawful, and lack knowledge or information sufficient to form a belief as to the truth of the remaining averments of paragraph 9.

10. Respondents deny the averments of paragraph 10.

11. Respondents lack knowledge or information sufficient to admit or deny averments in paragraph 11 concerning the subjective intent of petitioners, but deny that petitioners have any realistic or bona fide hope of manufacturing rum in Cuba at present or in the future.

12. Respondents admit that petitioners cannot make rum in Cuba; admit so much of the averments of paragraph 12 as concerns the sale of rum in the United States; deny so much of the averments of paragraph 12 as concern the importation of rum into the United States; and deny the averments as to "American consumers."

13. Respondents lack knowledge or information sufficient to form a belief as to the truth of the averments of paragraph 13.

14. Respondents lack knowledge or information sufficient to form a belief as to the truth of the averments of paragraph 14 concerning petitioners' plans to import or distribute rum or concerning the style of any rum manufactured or planned to be manufactured by petitioners; deny that petitioners may lawfully advertise, distribute or sell rum in the United States under the name HAVANA CLUB; and deny that the nationalization of Compania Ron Bacardi, S.A. or any other Cuban rum producers in Cuba was unlawful.

15. Respondents lack knowledge or information sufficient to form a belief as to the truth of the averments of paragraph 15 concerning petitioners' subjective intent; deny that petitioners may lawfully manufacture, distribute or sell any rum products in the United States under brand names and marks that feature the word HAVANA; admit that Galleon, S.A. has applied to register the mark HAVANA CLUB in the United States; admit that Bacardi & Co. Ltd. applied to register the marks HAVANA CLIPPER, HABANA CLASICO and OLD HAVANA in 1994 and further state that registration of these marks was finally refused by the United States Patent and Trademark Office in 1995 on the ground that each mark would be primarily geographically deceptively misdescriptive, that Bacardi & Co. Ltd. has appealed these refusals, and that the appeal of the refusal to register the HAVANA CLIPPER mark was dismissed in April, 1996 for failure to file a timely brief.

16. In response to paragraph 16, respondents admit that Registration No. 1,031,651 gives respondent Havana Club Holding, S.A. an exclusive right to use the mark HAVANA CLUB for rum in the United States but deny that this right is merely "colorable"; deny that Galleon, S.A., Bacardi & Co. Ltd. or Bacardi-Martini U.S.A. has any right to register or use the mark HAVANA CLUB in the United States; deny that Galleon, S.A. or Bacardi-Martini U.S.A. has any right to import, distribute or sell HAVANA CLUB rum in the United States; and

deny that Bacardi & Co. Ltd. or Bacardi-Martini, U.S.A. has any right to import, distribute or sell rum under any mark including the term "HAVANA."

17. Respondents admit the averments of paragraph 17, but deny any suggestion implied by the word "purported" that the Cuban registration upon which their United States registration of the mark was based was anything other than lawful and entirely valid.

18. In response to paragraph 18, respondents admit that the original registrant of Registration No. 1,031,651 for the mark HAVANA CLUB was the Empresa Cubana Exportadora de Alimentos y Productos Varios, organized under the laws of Cuba and known as "Cubaexport", but deny any suggestion implied by the word "allegedly" that Cubaexport did not exist legally and validly or that Cubaexport was not the registrant of the HAVANA CLUB mark; and admit that Cubaexport was established under the laws of Cuba and maintained offices at 55, 23rd Street, Vedado, Havana, Cuba.

19. Respondents lack knowledge or information sufficient to form a belief as to the truth of the averments of the first sentence of paragraph 19; and admit the remaining averments of the paragraph.

20. Respondents deny the averments of paragraph 20.

21. In response to paragraph 21, respondents admit that Cubaexport was not founded in 1878; deny knowledge and information sufficient to form a belief as to the truth of the averment that Jose Arechabala, S.A. was "the Cuban company which first used the HAVANA CLUB name and mark in the United States"; consider the allegation concerning Cubaexport not being the "successor" to Jose Arechabala, S.A. to be insufficiently precise as to allow for a response but deny that Cubaexport succeeded to none of the assets or business functions of Jose Arechabala, S.A.; and deny the remaining averments of paragraph 21.

22. In response to paragraph 22, respondents admit that Cubaexport knew it did not own a registration of the HAVANA CLUB mark in the United States when it filed its Section 44 application to register the mark based on its 1974 Cuban registration of the mark; and deny any implication that there was anything improper about Cubaexport's application to register the mark, that Cubaexport did not have the right to apply to register the mark in the United States, or that anyone else owned the mark in the United States when Cubaexport applied to register it.

23. Respondents deny the averments of paragraph 23, except that they do not have knowledge and information sufficient to form a belief as to the truth of the allegation that the formula for HAVANA CLUB rum used by Cubaexport "was materially different from the formula used by the original producers of HAVANA CLUB rum."

24. In response to paragraph 24, respondents admit that Cubaexport filed its application to register its HAVANA CLUB mark under Section 44 of the Lanham Act and admit that Cubaexport had not obtained a certificate of label approval from the Federal Bureau of Alcohol, Tobacco and Firearms prior to its application and further state that such a certificate of label approval was in no way required prior to the registration of the HAVANA CLUB mark to Cubaexport; admit that Cubaexport submitted samples of the labels it was using on its HAVANA CLUB rum in Cuba and elsewhere with its application; deny that there was anything fraudulent or unlawful about Cubaexport's submission of such label samples to the Patent and Trademark Office; and deny that Cubaexport falsely asserted ownership of the Cuban registration of the HAVANA CLUB mark.

25. In response to paragraph 25, respondents admit that at the present time an applicant to register a mark in the United States pursuant to Section 44 of the Lanham Act must allege a good faith intent to use the mark in commerce in the United States; and deny that at the

time Cubaexport filed its application to register the mark there was any requirement that an applicant to register a mark in the United States pursuant to Section 44 of the Lanham Act allege a good faith intent to use the mark in United States commerce.

26. Respondents deny the averments of paragraph 26.

27. Respondents admit the averments of paragraph 27.

28. Respondents deny that the statement in a Section 8 Declaration filed with respect to the registration of the HAVANA CLUB mark at issue in this case was false or wilfully so; and admit the remaining averments of paragraph 28.

29. In response to paragraph 28, respondents admit that Cubaexport stated that it was the owner of the HAVANA CLUB mark and registration in a Section 8 Declaration filed with respect to the registration of the mark at issue in this case; deny that this statement was false; deny that Cubaexport knew it was not the owner of the HAVANA CLUB mark in the United States when the Section 8 Declaration was filed; and deny any implication that Cubaexport was not the owner of the HAVANA CLUB mark in the United States at that time.

30. Respondents admit that a label specimen submitted to the Patent and Trademark Office with the Section 8 Affidavit was not the subject of a certificate of label approval issued by the United States Bureau of Alcohol, Tobacco and Firearms; deny that any such certificate was necessary or that there was anything unlawful about Cubaexport's submission of the label specimen; and deny the remaining averments of paragraph 30.

31. In response to paragraph 31, respondents admit the issuance of the Cuban Assets Control Regulations; deny they have prohibited all importation of rum produced in Cuba into the United States or that no rum produced in Cuba has been lawfully imported into the United States since their effective date; admit that no rum produced in Cuba since their effective

date has been lawfully sold in the United States; and otherwise refer to the Cuban Assets Control Regulations for their legal effect.

32. Respondents deny the averments of paragraph 32 and refer to the Cuban Assets Control Regulations for their legal effect.

33. Paragraph 33 sets forth averments of law to which an admission or denial is not required, and respondents refer to the Cuban Assets Control Regulations for their legal effect.

34. In response to paragraph 34, respondents admit that Pernod Ricard, S.A. is a corporation organized under the laws of France and that Pernod Ricard, S.A. maintains an office at 142 Boulevard Hausmann, Paris, France; admits that Pernod Ricard, S.A. entered into an agreement with Havana Rum and Liquors, S.A. in 1993; denies that Pernod Ricard, S.A. is the exclusive distributor of HAVANA CLUB rum throughout the world; and lack sufficient knowledge or information to form a belief as to the truth of what has been reported about payments made by Pernod Ricard, S.A.

35. In response to paragraph 35, respondents deny that Havana Club Holding, S.A. is "controlled" by Pernod Ricard, S.A. but admit that Pernod Ricard, S.A. has a fifty percent interest in Havana Club Holding, S.A., and a corresponding representation on its board of directors; deny that Havana Club Holding, S.A. has its offices in Paris, and admit the remaining allegations of paragraph 35.

36. Respondents admit the averments of paragraph 36 with the exception of any suggestion implied by the word "purported" that the transfer of the HAVANA CLUB rum business from Cubaexport to Havana Rum & Liquors, S.A. was anything other than a valid transfer, which suggestion respondents deny.

37. Respondents admit the averments of the first two sentences of paragraph 37 with the exception of any suggestion implied by the word "purported" that the assignment of the HAVANA CLUB trademark, including the United States registration of the mark, was anything other than a valid assignment, which suggestion respondents deny. Respondents deny the averments of the last sentence of paragraph 37.

38. Respondents admit the averments of the first two sentences of paragraph 38 with the exception of any suggestion implied by the word "purported" that the assignment of the HAVANA CLUB trademark, including the United States registration of the mark, was anything other than a valid assignment, which suggestion respondents deny. Respondents deny the averments of the last sentence of paragraph 38.

39. Respondents deny the averments of paragraph 39.

40. The allegations of paragraph 40 are assertions of law as to which an admission or denial is not required, except for the allegation as to designation of a domestic representative upon whom notice of process in proceedings affecting the mark may be served, which allegation is admitted.

41. Respondents deny the averments of paragraph 41.

42. Respondents neither admit nor deny the averments of paragraph 42, but incorporate herein by reference their responses to paragraphs 1 through 41.

43. Respondents deny the averments of paragraph 43.

44. Respondents deny the averments of paragraph 44.

45. Respondents deny the averments of paragraph 45.

46. Respondents neither admit nor deny the averments of paragraph 42, but incorporate herein by reference their responses to paragraphs 1 through 45.

47. Respondents deny the averments of paragraph 47.

48. Respondents deny the averments of paragraph 48.

49. Respondents deny the averments of paragraph 49.

50. Respondents neither admit nor deny the averments of paragraph 42, but incorporate herein by reference their responses to paragraphs 1 through 49.

51. Respondents deny the averments of paragraph 51.

52. Respondents deny the averments of paragraph 52.

53. Respondents neither admit nor deny the averments of paragraph 42, but incorporate herein by reference their responses to paragraphs 1 through 51.

54. Respondents admit the beginning portion of paragraph 54 through the first appearance of the words "channels of interstate commerce in the United States" except for the allegation of "ersatz," which is denied; admit that their HAVANA CLUB rum was depicted in the motion picture "The Firm" and admit this film was distributed in interstate commerce; admit that they have endeavored through advertisements to increase sales of HAVANA CLUB rum to United States visitors to Cuba and to build up demand for HAVANA CLUB rum when it becomes legally available for sale in the United States. Respondents deny the remaining averments of paragraph 54.

55. Respondents deny the averments of paragraph 55.

56. Respondents deny the averments of paragraph 56.

57. Respondents deny the averments of paragraph 57.

58. Respondents deny the averments of paragraph 58.

59. With respect to paragraph 59, respondents deny that there is any ground for cancellation of their registration of the HAVANA CLUB mark and DESIGN.

60. With respect to paragraph 60, respondents deny that petitioners are entitled to any relief from this Board.

AS AND FOR A FIRST AFFIRMATIVE DEFENSE

61. The petition fails to state a claim upon which relief can be granted.

AS AND FOR A SECOND AFFIRMATIVE DEFENSE

62. Petitioners had contemporaneous notice of Cubaexport's 1974 application to register the trademark HAVANA CLUB in the United States, its 1976 registration of the trademark, its 1982 Section 8 declaration, and of their contents.

63. Upon information and belief, petitioners contemporaneously had actual knowledge of Cubaexport's 1974 application to register the trademark HAVANA CLUB in the United States, its 1976 registration of the trademark in the United States, its Section 8 declaration and the contents thereof.

64. Petitioners contemporaneously had actual knowledge of, were on notice of, or could have known upon reasonable inquiry of each of the facts alleged in their petition to the extent same are true.

65. Over an extended period of time, Cubaexport and respondents have relied upon the aforesaid registration and maintenance of the HAVANA CLUB mark in promoting United States consumer identification of their rum with the HAVANA CLUB trademark; in promoting the consumption and purchase of that rum under the HAVANA CLUB trademark by United States consumers; and in organizing their business affairs and relations.

66. Through consumption, purchase and media exposure over the course of twenty years, the reputation and renown of the Cuban rum identified as HAVANA CLUB has been established in the United States. Said reputation and renown are of great value to

respondents in promoting the sale of HAVANA CLUB rum to United States visitors to Cuba, and in promoting the sale of HAVANA CLUB rum in the United States when permitted by United States law.

67. Until the filing of the instant petition in July 1996, the petitioners took no action to obtain the relief sought therein or comparable relief.

68. The petitioners are guilty of laches with respect to all claims of their petition with the exception of claims based exclusively on the alleged 1993 assignments of the trademark and are equitably barred from maintaining all but those claims.

AS AND FOR A THIRD AFFIRMATIVE DEFENSE

69. Petitioners do not produce or market Cuban-origin rum.

70. Petitioners have no means by which they can produce or market Cuban-origin rum.

71. Petitioners intend to produce and market under the HAVANA CLUB trademark rum which is not the growth, produce or product of Cuba and does not otherwise originate in Cuba.

72. The possibility, if any, of petitioners producing or marketing Cuban-origin rum is confined to the distant future and is highly speculative inasmuch as it is dependent upon fundamental political changes in Cuba as well as speculative business considerations.

73. Petitioners did not use the trademark HAVANA CLUB rum in the United States prior to one year after the date upon which the World Trade Organization ("WTO") agreements entered into force with respect to the United States.

74. Cubaexport registered the HAVANA CLUB mark in Cuba in 1974. Said Cuban registration has been continuously maintained since registration, and is currently owned by respondent Havana Club Holding, S.A.

75. In 1976 and 1990, Cubaexport registered the HAVANA CLUB mark in Panama and Peru, respectively. Said registrations have been continuously maintained since their registration, and currently are owned by respondent Havana Club Holding, S.A.

76. Cubaexport and respondents have enjoyed legal protection for the HAVANA CLUB mark in Cuba, Panama and in Peru since their registration of the mark there in 1974, 1976 and 1990 respectively.

77. Cubaexport and respondents have used and employed the HAVANA CLUB trademark in connection with rum in Cuba, Panama and Peru since at least 1974, 1976 and 1990, respectively.

78. Petitioners have knowledge of said use, employment and registration of the HAVANA CLUB trademark in Cuba, Panama and Peru and have had such knowledge since 1974, 1976 and 1990 with regard to each of those countries respectively.

79. The legal protection, use and employment referred to in paragraphs 76 and 77 preceded the date of any of the petitioners' application for the registration of the trademark HAVANA CLUB in the United States and preceded the date of any adoption or use of the trademark HAVANA CLUB in the United States by any of the petitioners.

80. The United States, Cuba, Panama and Peru are parties to the General Inter-American Convention for Trade Mark and Commercial Protection, 46 Stat. 2907; Treaty Series 833, which treaty is and has been in force at all relevant times. Said treaty is self-executing and forms part of the law of the United States.

81. Petitioners are barred by 15 U.S.A. §1051(a) from registering or using the trademark HAVANA CLUB for rum which is not of Cuban origin.

82. Petitioners are barred by Article 7 and Article 8 of the General Inter-American Convention for Trade Mark and Commercial Protection from registering or using the trademark HAVANA CLUB in the United States.

83. Petitioners are barred by Sections 2(a) and 2(e) of the Lanham Act from registering the mark HAVANA CLUB with respect to rum not of Cuban origin as the mark would be deceptive and geographically misdescriptive.

84. Respondent Havana Club Holding, S.A.'s HAVANA CLUB rum is famous under that trademark in the United States. As a result, petitioners cannot register or use the HAVANA CLUB trademark in the United States.

85. Respondent Havana Club Holding, S.A. intends to and will sell its Cuban-origin HAVANA CLUB rum in the United States under its HAVANA CLUB trademark as soon as United States trade sanctions against Cuba are modified to permit the sale of Cuban-origin products in the United States.

86. Petitioners have no standing to bring the instant petition for cancellation of the HAVANA CLUB trademark.

AS AND FOR A FOURTH AFFIRMATIVE DEFENSE

87. Petitioners repeat and reallege the allegations of paragraphs 69 - 85 as if fully set out herein.

88. Petitioners produce and market rum in the United States and internationally under the trademark and tradenames BACARDI and CASTILLO. Petitioners' rums are the most widely sold rums in the United States and hold strong market positions internationally.

89. When trade sanctions against Cuba are modified so as to permit the sale of Cuban-origin products in the United States, respondent's HAVANA CLUB rum will compete with petitioners' rums and will pose a serious threat to petitioners' United States market position.

90. Through consumption, purchase and media exposure over the course of twenty years, the reputation and renown of the Cuban - origin rum identified as HAVANA CLUB is widely established in the United States. Respondent Havana Club Holding, S.A.'s HAVANA CLUB rum is famous in the United States under the HAVANA CLUB trademark.

91. The success of respondent Havana Club Holding, S.A. in competing with petitioners' rums in the United States will depend in part upon their ability to utilize the trademark HAVANA CLUB for its rum.

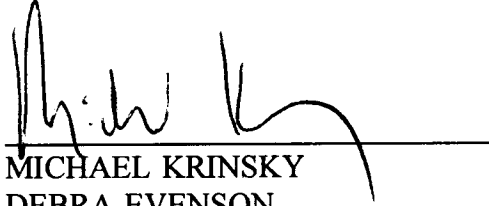
92. Upon information and belief, petitioners seek to cancel respondent Havana Club Holding, S.A., registration of the HAVANA CLUB trademark in order to impair respondent's future competition with petitioners for the United States market.

93. Upon information and belief, petitioners have no, or no substantial, economic interest in selling rum in the United States under the HAVANA CLUB trademark and have no bona fide intention of doing so.

94. Petitioners are equitably estopped from prosecuting the instant petition for cancellation.

Dated: New York, New York
October 18, 1996

Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'Michael Krinsky', is written over a horizontal line.

MICHAEL KRINSKY
DEBRA EVENSON
CAROLINE RULE
RABINOWITZ, BOUDIN, STANDARD,
KRINSKY & LIEBERMAN, P.C.
740 Broadway -- Fifth Floor
New York, New York 10003
(212) 254-1111

Attorneys for Respondents

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

-----X
GALLEON S.A., : Cancellation No. 24,108
BACARDI-MARTINI U.S.A., INC., and :
BACARDI & COMPANY LIMITED, :
Petitioners, :
-against- :
HAVANA CLUB HOLDING, S.A. and :
HAVANA RUM & LIQUORS, S.A. d/b/a :
H.R.L., S.A., :
Respondents. :
Registration No. 1,031,651 :
-----X

CERTIFICATE OF EXPRESS MAILING AND SERVICE

I, Caroline Rule, Esq., hereby certify that the attached Answer To Supplemental and Amended Petition For Cancellation in the above-captioned cancellation proceeding is being deposited today, October 18th, 1996, with the United States Postal Service, utilizing the "Express Mail Post Office to Addressee" service, in an envelope addressed to the following:

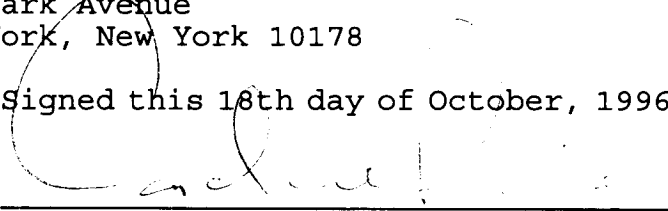
- 1) mailing label No. HB309362680, addressed to:

Assistant Commissioner for Trademarks
2900 Crystal Drive
Arlington, Virginia 22202-3513

- 2) mailing label No. HB309362724, addressed to attorney for petitioner:

William R. Golden, Jr.
Kelley Drye & Warren
101 Park Avenue
New York, New York 10178

Signed this 18th day of October, 1996


Caroline Rule, Esq.